

What Does Massachusetts Transportation Funding Support and What Are the Revenue Sources?

By Phineas Baxandall

Better transportation infrastructure makes the economy more productive, connects people to jobs, and reduces the amount of time people waste in traffic.

The Massachusetts Department of Transportation oversees and supports nearly 10,000 lane miles of roadway, over 5,000 bridges, and 36 airports.¹ The MBTA is the nation's fifth largest transit system, with 2,500 buses and trains² carrying 1.3 million passenger trips per-day across 175 communities.³ The Commonwealth's 15 Regional Transit Authorities operate an additional 1,400 vehicles across 231 communities.⁴

Where do the resources come from to operate this transportation system, and where is the money spent? The chart below shows state revenues and spending for transportation operations and debt service in Fiscal Year 2015, the most recent year for which comprehensive data is available. The width of each arrows represents the amount of dollars that flow from one source or activity to another.

Most state transportation dollars in Massachusetts are automatically dedicated to transportation from designated revenue sources such as the tax on gasoline, car sales, registry fees, tolls, or a portion of the sales tax. The amount of investment available to meet transportation needs therefore depends on how quickly these sources increase over time and on decisions made through legislation or the budget process to dedicate different amounts of revenue or new revenue sources.

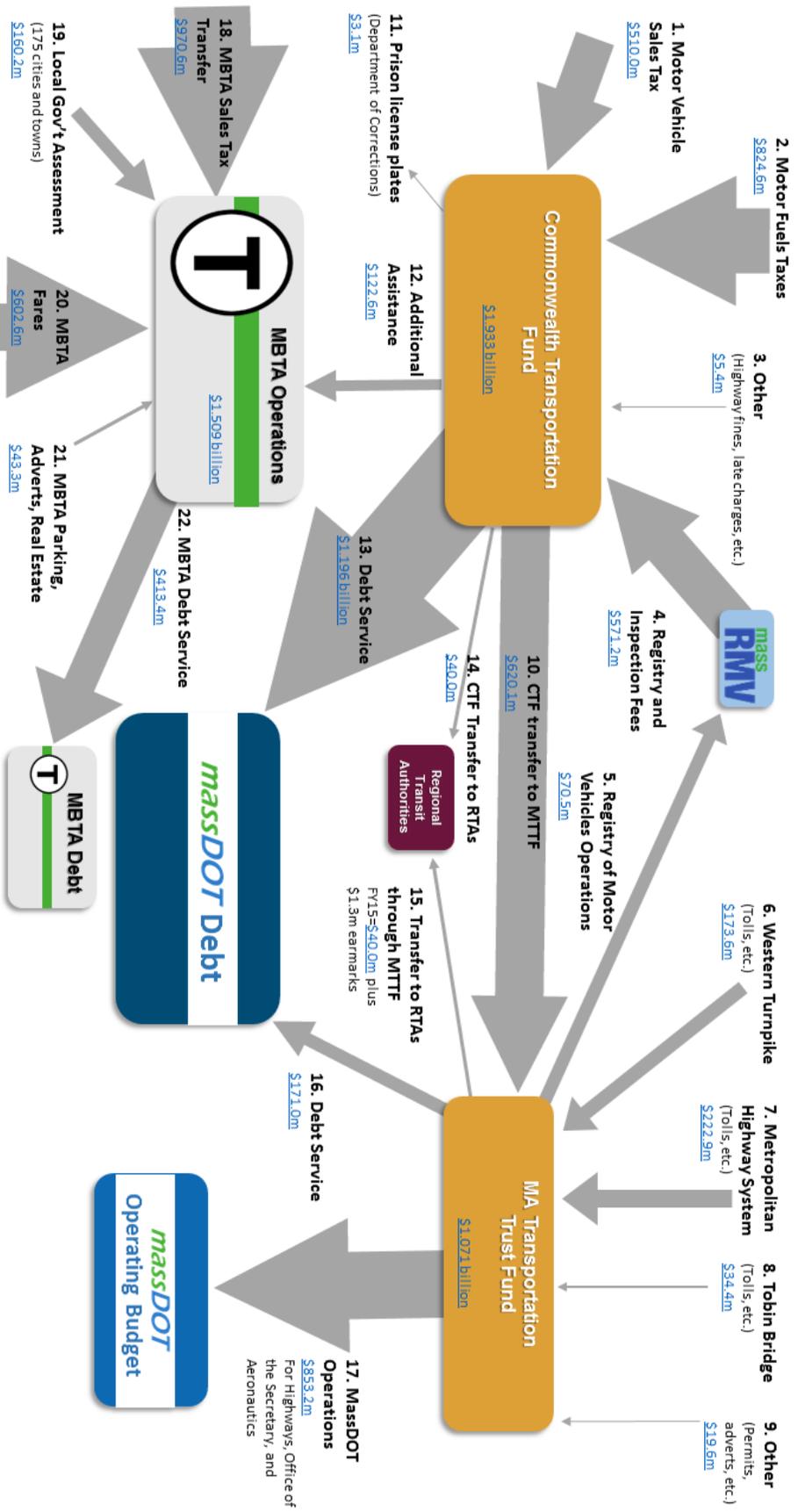
Two big transportation funds serve as conduits to collect transportation revenues and direct the funds for operations at particular agencies or to pay off debt for past spending. **The Commonwealth Transportation Fund (CTF)** is an instrument of the state budget that receives annual funds from particular revenue sources, as designated by law. The **Massachusetts Transportation Trust Fund (MTTF)** sits outside the Commonwealth budget as a financial instrument for the Department of Transportation. It is the repository for dedicated revenues from quasi-independent toll agencies, federal government grants, and some budgeted money from the state. Both the CTF and the MTF were created in by the 2009 Transportation Reform Law that consolidated many agencies under the Massachusetts Department of Transportation.

Building and maintaining infrastructure is long-term investment. The Commonwealth pays for long-term investments through issuing bonds to finance long-term capital investments. In Fiscal Year 2015, the Department of Transportation and the MBTA spent a combined \$1.78 billion on this debt service, as shown in the chart.

The chart doesn't include federal funds, which help support those capital projects and vary annually based on the timing of federal grants and reimbursements. Nor does the chart display spending by local cities and towns.

In Fiscal Years 2016 and 2017 the structure of transportation spending flows has remained basically the same as in FY 2015. Instead of passing half of funding for the Regional Transit Authorities through the MTF, in subsequent budgets these funds have come directly from the CTF to the authorities.

See the Massachusetts Transportation Funding Flow Chart, FTY 2015 on the next page.



Figures do not include state budget allocation for federal funding, capital budget outlays, Massport, ferry authorities, or the operating \$32 million supplemental funding from the General Budget for fiscal year 2014 now and the operations spent in 2013. Also not included are state-levied boat surcharges on rental cars (which are paid to municipalities), MBTA fishing boats assessments (paid by insurance companies), gaming revenue transfers to the Transportation Infrastructure and Development Fund, or \$11.1 million State Ethics Board transfer from the CTF.

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Appendix to the Transportation Funding Flow Chart

Spending Item	FY 2015 amount	Notes
1. Motor Vehicle Sales Tax	\$510,030,805	Source: MassDOT Revenue and Expense Report BFY 2015 (Jan 26, 2016), p. 10.
2. Motor Fuel Taxes	\$824,640,027	Source: MassDOT Revenue and Expense Report BFY 2015 (Jan 26, 2016), p. 10. Includes: gasoline, diesel, jet fuel taxes, related licensing fees, and underground tank storage cleanup fees.
3. Other funds paid to CTF	\$5,360,118	Source: MassDOT Revenue and Expense Report BFY 2015 (Jan 26, 2016), p. 10. Includes: grant/loan repayments, highway fines, late payment charges and interest, Motor Carrier 88.24, and miscellaneous
4. Registry and Inspection Fees	\$571,159,664	Source: MassDOT Revenue and Expense Report BFY 2015 (Jan 26, 2016), p. 10. Includes: motor vehicle license, vehicle, title and other fees, including citable motor vehicle inspection collections, spec/motor license fees, other motor vehicle inspection fees, and driver vehicle data/records fees. Includes all fees paid to the RMV except a \$2 per motorcycle registration dedicated to motorcycle safety and receipts from veterans license plates that are contributed to the General Fund. For a list of the 37 types of Registry fees, see https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXIV/Chapter90/Section33
5. Registry of Motor Vehicles (RMV) operations	\$70,506,000	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 110.
6. Western Turnpike tolls and other revenue	\$173,563,000	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 110. Includes toll revenue, rental/lease income, investment income, departmental and other income.
7. Metropolitan Highway System tolls and other revenue	\$222,876,000	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 110. Includes: toll revenue, rental/lease income, investment income, departmental and other income. Excludes: \$125 million in CTF transfer and \$124,000 in direct federal grants and reimbursements.
8. Tobin Bridge tolls and other revenue	\$34,442,000	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 110. Includes toll revenue, investment income, and departmental income.
9. Other revenue paid to the MTF	\$19,624,000	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 110. Includes: Commonwealth grants or contract assistance, rental/lease income, investment income, departmental or other income.
10. Commonwealth Transportation Fund (CTF) to MTF	\$620,149,841	Source: MassDOT Revenue and Expense Report BFY 2015 (Jan 26, 2016), p. 7. Includes: CTF operations transfer, \$100 million transfer for MHS bond payments, and \$25 million for Central Artery operations and maintenance

11. Prison License Plates	\$3,090,898	Source: State budget line item 8900-0010 For prison industries and farm services; provided, that the commissioner of correction or a designee shall determine the cost of manufacturing motor vehicle registration plates and certify to the comptroller the amounts to be transferred from the Commonwealth Transportation Fund, established pursuant to section 2ZZZ of chapter 29 of the General Laws to the department of correction revenue source.
12. Additional Assistance	\$122,552,622	Source: Comptroller Statutory Basis report , FY 2015 (page 154). Funded 100% by the Commonwealth Transportation Fund and determined in the General Appropriations Act http://www.mass.gov/bb/gaa/fy2017/app_17/act_17/ha15956369.htm
13. Debt Service of MassDOT debt paid by CTF	\$1,196,296,000	Source: Comptroller Statutory Basis report , FY 2015 (page 154). Comptroller reports final amounts for principal retirement (\$735,408,000) plus Interest and fiscal charges (\$460,888,000) for a total of \$1,196,296,000.
14. CTF transfer to Regional Transit Authorities (RTAs)	\$40,000,000	Source: Governor's Budget proposal, FY 2015, line item 1595-6370, along with the GAA Budget and reported spending equal to \$40,000,000 in "Commonwealth Transportation Fund transfer to Regional Transit"
15. Transfer to Regional Transit Authorities (RTAs) through MTTF	\$41,330,000	Source: General Appropriations Act, line item 1595-6368 calls for \$40,000,000 as an operating transfer from the MTTF, plus \$1,330,000 in earmarked spending for various regional transit authorities: "not less than \$770,000 shall be provided to the Montachusett regional transit authority for a contract with Community Transit Services, Inc., or any successor agency engaged by the Montachusett regional transit authority, to provide the existing services and ensure those services shall not be reduced in fiscal year 2015; provided further, that not less than \$460,000 shall be provided to Berkshire Rides to maintain transportation services; provided further, that not less than \$100,000 shall be expended for a program to assist the training, placement and development of a professional, proficient and technically competent workforce that will support the existing and emerging staffing and labor needs of the public transportation sector; provided further, that such program shall be established and operated by the MetroWest Regional Transit Authority."
16. MassDOT Debt Service by MTTF	\$170,959,717	Source: MassDOT Revenue and Expense report , p. 110.
17. MassDOT operating transfer from MTTF	\$853,212,000	Source: Massachusetts Transportation Trust Fund, Combining Schedule of Revenues, Expenditures and Changes in Fund Balances , Fiscal year ended June 30, 2015, p. 110. Includes expenditures for Highway, Office of the Secretary, Rail and Transit, and Aeronautics. It excludes RMV, Rail and Transit and debt service, which are accounted for elsewhere in this chart.
18. Sales tax transfer	\$970,637,174	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 32. Sales taxes on meals are not subject to transfer to the MBTA or MSBA. The non-budgeted special revenue funds dedicated to the MBTA are equal to a 1% sales tax (not including meals). The amount dedicated to the MBTA is subject to an inflation-adjusted floor, plus \$160 million annually. Effective for fiscal 2015, the \$160 million adjustment was integrated into the inflation-adjusted floor, which was reset at \$970.6

		million, and the amount of sales tax statutorily credited to the MBTA was increased by \$160 million. The floor grows by the allowable base revenue growth (lesser of sales tax growth or inflation, but not greater than 3% and not less than 0%) thereafter.
19. Local Government Assessments	\$160,159,000	Source: MassDOT, Basic Financial Statements, Required Supplementary Information and Supplementary Schedules (June 30, 2015), p. 32. Assessed to 175 member communities associated with the transit authority. For a description of the assessment and the formula for cities and towns, see "Cherry Sheet Manual," Division of Local Services, p. 37 http://www.mass.gov/dor/docs/dls/cherry/cherrysheetmanual.pdf
20. MBTA fares	\$602,626,507	Source: MBTA Statement of Revenues and Expenses
21. MBTA parking, ads, real estate, etc.	\$43,341,534	Source: MBTA Statement of Revenues and Expenses
22. MBTA Debt Service	\$413,439,712	Source: MBTA Statement of Revenues and Expenses

¹ Massachusetts Department of Transportation, "Progress Report of the Performance and Asset Management Advisory Council, Sept. 2016, p. 3, 8, 9.

² Massachusetts Department of Transportation, "Progress Report of the Performance and Asset Management Advisory Council, Sept. 2016, p. 3.

³ Massachusetts Department of Transportation, "Progress Report of the Performance and Asset Management Advisory Council, Sept. 2016, p. 3, 21.

⁴ Massachusetts Department of Transportation, "Progress Report of the Performance and Asset Management Advisory Council, Sept. 2016, p. 31, 32.